## Calendar No. 606

106TH CONGRESS 2D SESSION

# S. 2742

To amend the Internal Revenue Code of 1986 to increase disclosure for certain political organizations exempt from tax under section 527 and section 501(c), and for other purposes.

#### IN THE SENATE OF THE UNITED STATES

June 15, 2000

Mr. Smith of Oregon (for himself, Mr. Abraham, Mr. Ashcroft, Mr. Burns, Mr. Santorum, Mr. Gorton, Mrs. Hutchison, Mr. Allard, Mr. Bennett, Mr. Coverdell, Mr. Gregg, Mr. Helms, Mr. Thomas, Mr. Inhofe, Mr. Mack, Mr. Warner, Mr. Bunning, Mr. Lott, Mr. McConnell, Mr. Crapo, and Mr. Roberts) introduced the following bill; which was read the first time.

 $\begin{tabular}{ll} June 16, 2000 \\ Read the second time and placed on the calendar \\ \end{tabular}$ 

## A BILL

To amend the Internal Revenue Code of 1986 to increase disclosure for certain political organizations exempt from tax under section 527 and section 501(c), and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,

### 1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

- 2 (a) SHORT TITLE.—This Act may be cited as the
- 3 "Tax-Exempt Political Disclosure Act".
- 4 (b) Table of Contents for
- 5 this Act is as follows:
  - Sec. 1. Short title; table of contents.

#### TITLE I—SECTION 527 ORGANIZATIONS

- Sec. 101. Required notification of section 527 status.
- Sec. 102. Disclosures by political organizations.
- Sec. 103. Return requirements relating to section 527 organizations.

## TITLE II—TAX-EXEMPT BUSINESS AND LABOR ORGANIZATIONS ENGAGING IN POLITICAL ACTIVITY

- Sec. 201. Notification and disclosures of certain section 501 organizations.
- Sec. 202. Random audits.
- Sec. 203. Nonseverability.

## 6 TITLE I—SECTION 527

### 7 ORGANIZATIONS

- 8 SEC. 101. REQUIRED NOTIFICATION OF SECTION 527 STA-
- 9 **TUS.**
- 10 (a) IN GENERAL.—Section 527 of the Internal Rev-
- 11 enue Code of 1986 (relating to political organizations) is
- 12 amended by adding at the end the following new sub-
- 13 section:
- 14 "(i) Organizations Must Notify Secretary
- 15 That They Are Section 527 Organizations.—
- 16 "(1) IN GENERAL.—Except as provided in para-
- graph (5), an organization shall not be treated as an
- organization described in this section—

1	"(A) unless it has given notice to the Sec-
2	retary, electronically and in writing, that it is to
3	be so treated, or
4	"(B) if the notice is given after the time
5	required under paragraph (2), the organization
6	shall not be so treated for any period before
7	such notice is given.
8	"(2) Time to give notice.—The notice re-
9	quired under paragraph (1) shall be transmitted not
10	later than 24 hours after the date on which the or-
11	ganization is established.
12	"(3) Contents of Notice.—The notice re-
13	quired under paragraph (1) shall include informa-
14	tion regarding—
15	"(A) the name and address of the organi-
16	zation (including any business address, if dif-
17	ferent) and its electronic mailing address,
18	"(B) the purpose of the organization,
19	"(C) the names and addresses of its offi-
20	cers, highly compensated employees, contact
21	person, custodian of records, and members of
22	its Board of Directors,
23	"(D) the name and address of, and rela-
24	tionship to, any related entities (within the
25	meaning of section $168(h)(4)$ ), and

1	"(E) such other information as the Sec-
2	retary may require to carry out the internal
3	revenue laws.
4	"(4) Effect of failure.—In the case of an
5	organization failing to meet the requirements of
6	paragraph (1) for any period, the taxable income of
7	such organization shall be computed by taking into
8	account any exempt function income (and any de-
9	ductions directly connected with the production of
10	such income).
11	"(5) Exceptions.—This subsection shall not
12	apply to any organization—
13	"(A) to which this section applies solely by
14	reason of subsection $(f)(1)$ , or
15	"(B) which reasonably anticipates that it
16	will not have gross receipts of \$25,000 or more
17	for any taxable year.
18	"(6) Coordination with other require-
19	MENTS.—This subsection shall not apply to any per-
20	son required to report under the Federal Election
21	Campaign Act of 1971 (2 U.S.C. 431 et seq.) as a
22	political committee.".
23	(b) Disclosure Requirements.—
24	(1) Inspection at internal revenue serv-
25	ICE OFFICES.—

1	(A) In General.—Section 6104(a)(1)(A)
2	of the Internal Revenue Code of 1986 (relating
3	to public inspection of applications) is
4	amended—
5	(i) by inserting "or a political organi-
6	zation is exempt from taxation under sec-
7	tion 527 for any taxable year' after "tax-
8	able year'',
9	(ii) by inserting "or notice of status
10	filed by the organization under section
11	527(i)" before ", together",
12	(iii) by inserting "or notice" after
13	"such application" each place it appears,
14	(iv) by inserting "or notice" after
15	"any application",
16	(v) by inserting "for exemption from
17	taxation under section 501(a)" after "any
18	organization" in the last sentence, and
19	(vi) by inserting "OR 527" after "SEC-
20	TION 501" in the heading.
21	(B) Conforming Amendment.—The
22	heading for section 6104(a) of such Code is
23	amended by inserting "OR NOTICE OF STATUS"
24	before the period.

1	(2) Inspection of notice on internet and
2	IN PERSON.—Section 6104(a) of such Code is
3	amended by adding at the end the following new
4	paragraph:
5	"(3) Information available on internet
6	AND IN PERSON.—
7	"(A) IN GENERAL.—The Secretary shall
8	make publicly available, on the Internet and at
9	the offices of the Internal Revenue Service—
10	"(i) a list of all political organizations
11	which file a notice with the Secretary
12	under section 527(i), and
13	"(ii) the name, address, electronic
14	mailing address, custodian of records, and
15	contact person for such organization.
16	"(B) Time to make information avail-
17	ABLE.—The Secretary shall make available the
18	information required under subparagraph (A)
19	not later than 5 business days after the Sec-
20	retary receives a notice from a political organi-
21	zation under section 527(i).".
22	(3) Inspection by committee of con-
23	GRESS.—Section 6104(a)(2) of such Code is amend-
24	ed by inserting "or notice of status of any political
25	organization which is exempt from taxation under

1	section 527 for any taxable year" after "taxable
2	year".
3	(4) Public inspection made available by
4	ORGANIZATION.—Section 6104(d) of such Code (re-
5	lating to public inspection of certain annual returns
6	and applications for exemption) is amended—
7	(A) by striking "AND APPLICATIONS FOR
8	Exemption" and inserting ", Applications
9	FOR EXEMPTION, AND NOTICES OF STATUS" in
10	the heading,
11	(B) by inserting "or notice of status under
12	section 527(i)" after "section 501" and by in-
13	serting "or any notice materials" after "mate-
14	rials" in paragraph (1)(A)(ii),
15	(C) by inserting or "or such notice mate-
16	rials" after "materials" in paragraph (1)(B),
17	and
18	(D) by adding at the end the following new
19	paragraph:
20	"(6) Notice materials.—For purposes of
21	paragraph (1), the term 'notice materials' means the
22	notice of status filed under section 527(i) and any
23	papers submitted in support of such notice and any
24	letter or other document issued by the Internal Rev-

enue Service with respect to such notice.".

1	(c) Failure To Make Public.—Section
2	6652(c)(1)(D) of the Internal Revenue Code of 1986 (re-
3	lating to public inspection of applications for exemption)
4	is amended—
5	(1) by inserting "or notice materials (as defined
6	in such section)" after "section)", and
7	(2) by inserting "AND NOTICE OF STATUS"
8	after "EXEMPTION" in the heading.
9	(d) Effective Date.—
10	(1) In general.—Except as provided in para-
11	graphs (2) and (3), the amendments made by this
12	section shall take effect on the date of the enactment
13	of this section.
14	(2) Organizations already in existence.—
15	In the case of an organization established before the
16	date of the enactment of this section, the time to file
17	the notice under section 527(i)(2) of the Internal
18	Revenue Code of 1986, as added by this section
19	shall be 30 days after the date of the enactment of
20	this section.
21	(3) Information availability.—The amend-
22	ment made by subsection (b)(2) shall take effect or
23	the date that is 45 days after the date of the enact-
24	ment of this section.

## 1 SEC. 102. DISCLOSURES BY POLITICAL ORGANIZATIONS.

2	(a) Required Disclosure of 527 Organiza-
3	TIONS.—Section 527 of the Internal Revenue Code of
4	1986 (relating to political organizations), as amended by
5	section 101(a), is amended by adding at the end the fol-
6	lowing new section:
7	"(j) Required Disclosure of Expenditures and
8	Contributions.—
9	"(1) Denial of Exemption.—An organization
10	shall not be treated as an organization described in
11	this section unless it makes the required disclosures
12	under paragraph (2).
13	"(2) Required disclosure.—A political orga-
14	nization which accepts a contribution, or makes an
15	expenditure, for an exempt function during any cal-
16	endar year shall file with the Secretary either—
17	"(A)(i) in the case of a calendar year in
18	which a regularly scheduled election is held—
19	"(I) quarterly reports, beginning with
20	the first quarter of the calendar year in
21	which a contribution is accepted or expend-
22	iture is made, which shall be filed not later
23	than the 15th day after the last day of
24	each calendar quarter, except that the re-
25	port for the quarter ending on December
26	31 of such calendar year shall be filed not

1	later than January 31 of the following cal-
2	endar year,
3	"(II) a pre-election report, which shall
4	be filed not later than the 12th day before
5	(or posted by registered or certified mail
6	not later than the 15th day before) any
7	election with respect to which the organiza-
8	tion makes a contribution or expenditure,
9	and which shall be complete as of the 20th
10	day before the election, and
11	"(III) a post-general election report,
12	which shall be filed not later than the 30th
13	day after the general election and which
14	shall be complete as of the 20th day after
15	such general election, and
16	"(ii) in the case of any other calendar
17	year, a report covering the period beginning
18	January 1 and ending June 30, which shall be
19	filed no later than July 31 and a report cov-
20	ering the period beginning July 1 and ending
21	December 31, which shall be filed no later than
22	January 31 of the following calendar year, or
23	"(B) monthly reports for the calendar
24	year, beginning with the first month of the cal-
25	endar year in which a contribution is accepted

or expenditure is made, which shall be filed not later than the 20th day after the last day of the month and shall be complete as if the last day of the month, except that, in lieu of filing the reports otherwise due in November and December of any year in which a regularly scheduled general election is held, a pre-general election report shall be filed in accordance with subparagraph (A)(i)(II), a post-general election report shall be filed in accordance with subparagraph (A)(i)(III), and a year end report shall be filed not later than January 31 of the following calendar year.

- "(3) CONTENTS OF REPORT.—A report required under paragraph (2) shall contain the following information:
  - "(A) The amount of each expenditure made to a person if the aggregate amount of expenditures to such person during the calendar year equals or exceeds \$500 and the name and address of the person (in the case of an individual, including the occupation and name of the employer of such individual).
- "(B) The name and address (in the case of an individual, including the occupation and

1	name of the employer of such individual) of all
2	contributors which contributed an aggregate
3	amount of \$200 or more to the organization
4	during the calendar year and the amount of the
5	contribution.
6	Any expenditure or contribution disclosed in a pre-
7	vious reporting period is not required to be included
8	in the current reporting period.
9	"(4) Contracts to spend or contribute.—
10	For purposes of this subsection, a person shall be
11	treated as having made an expenditure or contribu-
12	tion if the person has contracted or is otherwise obli-
13	gated to make the expenditure or contribution.
14	"(5) Coordination with other require-
15	MENTS.—This subsection shall not apply—
16	"(A) to any person required to report
17	under the Federal Election Campaign Act of
18	1971 (2 U.S.C. 431 et seq.) as a political com-
19	mittee,
20	"(B) to any State or local committee of a
21	political party or political committee of a State
22	or local candidate,
23	"(C) to any organization which reasonably
24	anticipates that it will not have gross receipts
25	of \$25,000 or more for any taxable year.

1	"(D) to any organization to which this sec-
2	tion applies solely by reason of subsection
3	(f)(1), or
4	"(E) with respect to any expenditure which
5	is an independent expenditure (as defined in
6	section 301 of such Act).
7	"(6) Election.—For purposes of this sub-
8	section, the term 'election' means—
9	"(A) a general, special, primary, or runoff
10	election for a Federal office,
11	"(B) a convention or caucus of a political
12	party which has authority to nominate a can-
13	didate for Federal office,
14	"(C) a primary election held for the selec-
15	tion of delegates to a national nominating con-
16	vention of a political party, or
17	"(D) a primary election held for the ex-
18	pression of a preference for the nomination of
19	individuals for election to the office of Presi-
20	dent.".
21	(b) Public Disclosure of Reports.—
22	(1) In general.—Section 6104(d) of the In-
23	ternal Revenue Code of 1986 (relating to public in-
24	spection of certain annual returns and applications

1	for exemption), as amended by section $101(b)(4)$ , is
2	amended—
3	(A) by inserting "Reports," after "Re-
4	TURNS," in the heading,
5	(B) in paragraph (1)(A), by striking "and"
6	at the end of clause (i), by inserting "and" at
7	the end of clause (ii), and by inserting after
8	clause (ii) the following new clause:
9	"(iii) the reports filed under section
10	527(j) (relating to required disclosure of
11	expenditures and contributions) by such
12	organization,", and
13	(C) in paragraph (1)(B), by inserting ",
14	reports," after "return".
15	(2) Disclosure of contributors al-
16	LOWED.—Section 6104(d)(3)(A) of such Code (relat-
17	ing to nondisclosure of contributors, etc.) is amend-
18	ed by inserting "or a political organization exempt
19	from taxation under section 527" after "509(a))".
20	(3) Disclosure by internal revenue serv-
21	ICE.—Section 6104(d) of such Code, as amended by
22	section 101(b)(4), is amended by adding at the end
23	the following new paragraph:
24	"(7) Disclosure of Reports by Internal
25	REVENUE SERVICE.—Any report filed by an organi-

1	zation under section 527(j) (relating to required dis-
2	closure of expenditures and contributions) shall be
3	made available to the public at such times and in
4	such places as the Secretary may prescribe.".
5	(c) Failure To Make Public.—Section
6	6652(c)(1)(C) of the Internal Revenue Code of 1986 (re-
7	lating to public inspection of annual returns) is
8	amended—
9	(1) by inserting "or report required under sec-
10	tion 527(j)" after "filing",
11	(2) by inserting "or report" after "1 return",
12	and
13	(3) by inserting "AND REPORTS" after "RE-
14	TURNS" in the heading.
15	(d) Effective Date.—The amendment made by
16	subsection (a) shall apply to expenditures made and con-
17	tributions received after the date of enactment of this Act,
18	except that such amendment shall not apply to expendi-
19	tures made, or contributions received, after such date pur-
20	suant to a contract entered into on or before such date.
21	SEC. 103. RETURN REQUIREMENTS RELATING TO SECTION
22	527 ORGANIZATIONS.
23	(a) Return Requirements.—
24	(1) Organizations required to file.—Sec-
25	tion 6012(a)(6) of the Internal Revenue Code of

1	1986 (relating to political organizations required to
2	make returns of income) is amended by inserting
3	"or which has gross receipts of \$25,000 or more for
4	the taxable year (other than an organization to
5	which section 527 applies solely by reason of sub-
6	section $(f)(1)$ of such section)" after "taxable year".
7	(2) Information required to be included
8	ON RETURN.—Section 6033 of such Code (relating
9	to returns by exempt organizations) is amended by
10	redesignating subsection (g) as subsection (h) and
11	inserting after subsection (f) the following new sub-
12	section:
13	"(g) Returns Required by Political Organiza-
14	TIONS.—In the case of a political organization required
15	to file a return under section 6012(a)(6)—
16	"(1) such organization shall file a return—
17	"(A) containing the information required,
18	and complying with the other requirements,
19	under subsection (a)(1) for organizations ex-
20	empt from taxation under section 501(a), and
21	"(B) containing such other information as
22	the Secretary deems necessary to carry out the
23	provisions of this subsection, and

1	"(2) subsection (a)(2)(B) (relating to discre-
2	tionary exceptions) shall apply with respect to such
3	return.".
4	(b) Public Disclosure of Returns.—
5	(1) Returns made available by sec-
6	RETARY.—
7	(A) In General.—Section 6104(b) of the
8	Internal Revenue Code of 1986 (relating to in-
9	spection of annual information returns) is
10	amended by inserting "6012(a)(6)," before
11	"6033".
12	(B) Contributor information.—Sec-
13	tion 6104(b) of such Code is amended by in-
14	serting "or a political organization exempt from
15	taxation under section 527" after "509(a)".
16	(2) Returns made available by organiza-
17	TIONS.—
18	(A) In General.—Paragraph (1)(A)(i) of
19	section 6104(d) of such Code (relating to public
20	inspection of certain annual returns, reports,
21	applications for exemption, and notices of sta-
22	tus) is amended by inserting "or section
23	6012(a)(6) (relating to returns by political or-
24	ganizations)" after "organizations".
25	(B) Conforming amendments.—

1	(i) Section 6104(d)(1) of such Code is
2	amended in the matter preceding subpara-
3	graph (A) by inserting "or an organization
4	exempt from taxation under section
5	527(a)" after "501(a)".
6	(ii) Section 6104(d)(2) of such Code
7	is amended by inserting "or section
8	6012(a)(6)" after "section 6033".
9	(c) Failure To File Return.—Section 6652(c)(1)
10	of the Internal Revenue Code of 1986 (relating to annual
11	returns under section 6033) is amended—
12	(1) by inserting "or section 6012(c)(6) (relating
13	to returns by political organizations)" after "organi-
14	zations)" in subparagraph (A)(i),
15	(2) by inserting "or section 6012(c)(6)" after
16	"section 6033" in subparagraph (A)(ii),
17	(3) by inserting "or section 6012(c)(6)" after
18	"section 6033" in the third sentence of subpara-
19	graph (A), and
20	(4) by inserting "OR 6012(c)(6)" after "SECTION
21	6033" in the heading.
22	(d) Effective Date.—The amendments made by
23	this section shall apply to returns for taxable years begin-
24	ning after June 30, 2000.

1	TITLE II—TAX-EXEMPT BUSI-
2	NESS AND LABOR ORGANIZA-
3	TIONS ENGAGING IN POLIT-
4	ICAL ACTIVITY
5	SEC. 201. NOTIFICATION AND DISCLOSURES OF CERTAIN
6	SECTION 501 ORGANIZATIONS.
7	(a) Notification; Annual Report.—Part I of
8	subchapter F of chapter 1 of the Internal Revenue Code
9	of 1986 is amended by adding at the end the following
10	new section:
11	"SEC. 506. ADDITIONAL DISCLOSURE REQUIREMENTS FOR
12	CERTAIN ORGANIZATIONS DESCRIBED IN
13	PARAGRAPH (5) OR (6) OF SECTION 501(C).
14	"(a) Required Disclosures.—
15	"(1) In General.—An organization described
16	in paragraph (2) shall not be treated as an organiza-
17	tion described in section 501(c) for any taxable year
18	if such organization does not meet the requirements
19	under subsections (b) and (c) for any portion of
20	such taxable year.
21	"(2) Organization.—An organization is de-
22	scribed in this paragraph if—
23	"(A) such organization is—
24	"(i) a labor organization described in
25	section $501(c)(5)$ or

1	"(ii) a business league, chamber of
2	commerce, or board of trade described in
3	section $501(c)(6)$ , and
4	"(B) such organization makes, or is rea-
5	sonably anticipated to make, directly or indi-
6	rectly, an aggregate amount of expenditures in
7	excess of \$25,000 for any calendar year for
8	communications to the general public which—
9	"(i) mention—
10	"(I) an election for Federal of-
11	fice,
12	"(II) a candidate for Federal of-
13	fice,
14	"(III) an individual holding Fed-
15	eral office, or
16	"(IV) a political party, or
17	"(ii) contain the likeness of such can-
18	didate or individual.
19	"(3) Affiliated organizations.—
20	"(A) In general.—For purposes this sec-
21	tion, if an organization described in paragraph
22	(2)(A) is a member of an affiliated group, the
23	contributions and expenditures of each member
24	of such group shall be treated as contributions
25	and expenditures of the organization. The Sec-

1	retary shall prescribe such regulations as nec-
2	essary to ensure that such contributions and ex-
3	penditures are not taken into account more
4	than once with respect to such organization.
5	"(B) Special Rule.—Notwithstanding
6	subparagraph (A), contributions and expendi-
7	tures of a member of an affiliated group which
8	is higher in the chain of includible members of
9	the group than the organization described in
10	paragraph (2)(A) shall not be treated as con-
11	tributions or expenditures of such organization.
12	This subparagraph shall not apply to contribu-
13	tions and expenditures between members of the
14	affiliated group.
15	"(C) Affiliated Group.—For purposes
16	of subparagraph (A), persons shall be treated
17	as members of the same affiliated group if—
18	"(i) such persons are treated as one
19	employer under subsection (a) or (b) of
20	section 52,
21	"(ii) such persons are related entities
22	under section $168(h)(4)$ , or
23	"(iii) such persons are related in such
24	other manner as may be prescribed in reg-
25	ulations as the Secretary determines nec-

1	essary to prevent avoidance of the require-
2	ments of this section.
3	If an organization establishes or maintains a
4	separate segregated fund which is not a polit-
5	ical committee under section 301(4) of the Fed-
6	eral Election Campaign Act of 1971 (2 U.S.C.
7	431(4)), such organization and fund shall be
8	treated as a member of the same affiliated
9	group.
10	"(b) Required Notice.—
11	"(1) In general.—An organization described
12	in subsection (a)(2) shall file a notice with the Sec-
13	retary, in such manner as the Secretary requires,
14	that such organization is so described.
15	"(2) Time to give notice.—The notice re-
16	quired under paragraph (1) shall be transmitted not
17	later than 24 hours after the date such organization
18	first makes, or reasonably expects to make, an ag-
19	gregate amount of expenditures described in sub-
20	section $(a)(2)(B)$ .
21	"(3) Contents of Notice.—The notice re-
22	quired under paragraph (1) shall include informa-

tion regarding—

1	"(A) the name and address of the organi-
2	zation (including any business address, if dif-
3	ferent) and its electronic mailing address,
4	"(B) the purpose of the organization,
5	"(C) the names and addresses of its offi-
6	cers, highly compensated employees, contact
7	person, custodian of records, and members of
8	its Board of Directors,
9	"(D) the name and address of, and rela-
10	tionship to, any related entities (within the
11	meaning of section 168(h)(4)), and
12	"(E) such other information as the Sec-
13	retary may require to carry out the internal
14	revenue laws.
15	"(c) Required Reports.—An organization de-
16	scribed in subsection (a)(2) shall file with the Secretary—
17	"(1)(A) in the case of a calendar year in which
18	a regularly scheduled election is held—
19	"(i) quarterly reports, beginning with the
20	first quarter of the calendar year in which an
21	amount of expenditures described in subsection
22	(a)(2)(B) is made, which shall be filed not later
23	than the 15th day after the last day of each
24	calendar quarter, except that the report for the
25	quarter ending on December 31 of such cal-

1	endar year shall be filed not later than January
2	31 of the following calendar year,
3	"(ii) a pre-election report, which shall be
4	filed not later than the 12th day before (or
5	posted by registered or certified mail not later
6	than the 15th day before) any election with re-
7	spect to which the organization makes an ex-
8	penditure, and which shall be complete as of the
9	20th day before the election, and
10	"(iii) a post-general election report, which
11	shall be filed not later than the 30th day after
12	the general election and which shall be complete
13	as of the 20th day after such general election,
14	and
15	"(B) in the case of any other calendar year, a
16	report covering the period beginning January 1 and
17	ending June 30, which shall be filed no later than
18	July 31 and a report covering the period beginning
19	July 1 and ending December 31, which shall be filed
20	no later than January 31 of the following calendar
21	year, or
22	"(2) monthly reports for the calendar year, be-
23	ginning with the first month of the calendar year in
24	which an amount of expenditures described in sub-

section (a)(2)(B) is made, which shall be filed not

1 later than the 20th day after the last day of the 2 month and shall be complete as if the last day of 3 the month, except that, in lieu of filing the reports 4 otherwise due in November and December of any 5 year in which a regularly scheduled general election 6 is held, a pre-general election report shall be filed 7 in accordance with paragraph (1)(A)(ii), a post-gen-8 eral election report shall be filed in accordance with 9 paragraph (1)(A)(iii), and a year end report shall 10 be filed not later than January 31 of the following 11 calendar year. 12 "(d) Contents of Report.— "(1) IN GENERAL.—The report required under 13 14 subsection (c) shall contain itemized information and 15 the amount of any item contained in the report, including— 16 17 "(A) any direct or indirect expenditure in 18 an aggregate amount of \$500 or more for the 19 calendar year made in connection with a com-20 munication to any person which— "(i) mentions— 21 22 "(I) a Federal election, "(II) a candidate for Federal of-23

fice,

1	"(III) an individual holding Fed-
2	eral office, or
3	"(IV) a political party, or
4	"(ii) contains the likeness of such can-
5	didate or individual,
6	"(B) the name and address of any person
7	(in the case of an individual, including the occu-
8	pation and name of the employer of such indi-
9	vidual) to whom expenditures described in sub-
10	paragraph (A) are made in an aggregate
11	amount of \$500 or more during the calendar
12	year,
13	"(C) the name, occupation, annual salary,
14	and the name of the employer of an individual
15	who is employed by an organization described in
16	subsection (a)(2) or any member of the affili-
17	ated group of organizations with respect to such
18	organization (within the meaning of subsection
19	(a)(3)), if such individual spends more than 20
20	percent of their paid working hours during any
21	month in connection with a communication de-
22	scribed in subparagraph (A),
23	"(D) the name and address of any person
24	(in the case of an individual, including the occu-
25	pation and name of the employer of such indi-

1	vidual) which makes an aggregate amount of
2	contributions to such organization or any such
3	affiliated organization in an amount of \$200 or
4	more for the calendar year, and
5	"(E) the aggregate amount of membership
6	dues or fees received by such organization for
7	the reporting period.
8	Any expenditure, contribution, or other amount dis-
9	closed in a previous reporting period is not required
10	to be included in the current reporting period.
11	"(2) Itemization.—For purposes of paragraph
12	(1), information required to be reported shall be re-
13	ported in such detail and manner to allow a deter-
14	mination of the nature and purpose of such item,
15	including—
16	"(A) the identity of the candidate, indi-
17	vidual holding Federal office, or political party
18	mentioned in a communication or the identity
19	of such candidate or individual the likeness of
20	whom appears in the communication,
21	"(B) the purposes of such communication,
22	and
23	"(C) which organization or such related or-
24	ganization made such expenditure.
25	"(f) Definitions.—For purposes of this section—

1	"(1) Contribution.—The term 'contribution'
2	shall have the meaning given such term in section
3	271(b)(3), except such term shall not include any
4	amount received as a membership due or fee.
5	"(2) Expenditure.—The term 'expenditure'
6	shall have the same meaning given such term in sec-
7	tion $271(b)(4)$ .
8	"(g) Contract to Use Funds.—For purposes of
9	this section, an organization shall be treated as having
10	made or received any contribution or expenditure if the
11	organization has otherwise obligated to make or receive
12	such contribution or expenditure.
13	"(h) Coordination With Other Require-
14	MENTS.—This section shall apply to any person in addi-
15	tion to any report required under the Federal Election
16	Campaign Act of 1971 (2 U.S.C. 431 et seq.).".
17	(b) AVAILABILITY OF NOTICE BY IRS.—Section
18	6104(a) of the Internal Revenue Code of 1986, as amend-
19	ed by section 101(b)(2), is amended by adding at the end
20	the following new paragraph:
21	"(4) Notice information available in Per-
22	son.—
23	"(A) In General.—The Secretary shall
24	make publicly available at the offices of the In-
25	ternal Revenue Service—

1	"(i) a list of all organizations which
2	file a notice with the Secretary under sec-
3	tion 506(b), and
4	"(ii) the name, address, electronic
5	mailing list, custodian of records, and con-
6	tact person for such organization.
7	"(B) TIME TO MAKE INFORMATION AVAIL-
8	ABLE.—The Secretary shall make available the
9	information required under subparagraph (A)
10	not later than 10 business days after the Sec-
11	retary receives notice from an organization
12	under section 506(b).".
13	(c) Availability of Reports.—
14	(1) By the organization.—Section
15	6104(d)(1)(A)(iii) of the Internal Revenue Code of
16	1986, as added by section 102(b)(1), is amended by
17	inserting "or section 506(c)" after "contributions)".
18	(2) Disclosure of contributors al-
19	LOWED.—Section 6104(d)(3)(A) of such Code, as
20	amended by section 102(b)(2), is amended by insert-
21	ing "or an organization described in section
22	506(a)(2)" after "527".
23	(3) By the Irs.—Section 6104(d) of such
24	Code, as amended by section 102(b)(3), is amended
25	by adding at the end the following new paragraph:

1	"(8) CERTAIN REPORTS AVAILABLE IN PERSON				
2	AND ON INTERNET.—				
3	"(A) IN GENERAL.—The Secretary shall				
4	make publicly available, on the Internet and at				
5	the offices of the Internal Revenue Service, any				
6	report filed by an organization under section				
7	506(e).				
8	"(B) TIME TO MAKE INFORMATION AVAIL-				
9	ABLE.—The Secretary shall make available the				
10	information required under subparagraph (A)				
11	not later than 10 business days after the Sec-				
12	retary receives such information from an orga-				
13	nization under section 506(e).".				
14	(d) REGULATIONS.—The Secretary of the Treasury				
15	shall promulgate such regulations as the Secretary deter-				
16	mines necessary to carry out the provisions of this section.				
17	(e) Conforming Amendment.—The table of sec-				
18	tions for part I of subchapter F of chapter 1 of the Inter-				
19	nal Revenue Code of 1986 is amended by adding at the				
20	end the following new item:				
	"Sec. 506. Additional disclosure requirements for certain organizations described in paragraph (5) or (6) of section 501(c).".				
21	(f) Effective Dates.—				
22	(1) In general.—Except as provided in para-				
23	graphs (2) and (3), the amendments made by this				

- section shall take effect on the date which is 60 days after the date of the enactment of this section.
- 3 (2) Organizations already in existence.—
  4 In the case of an organization established before the
  5 date of enactment of this section, the time to file the
  6 notice required under section 506(b) of the Internal
  7 Revenue Code of 1986, as added by subsection (a),
  8 shall be the later of—
- 9 (A) 30 days after the date of the enact-10 ment of this section, or
  - (B) the date required under such section.
- 12 (3) SUBSECTION (a).—The amendment made 13 by subsection (a) shall apply to amounts disbursed 14 or received after the date of enactment of this sec-15 tion, except that such amendment shall not apply to 16 amounts disbursed or received after such date pur-17 suant to a contract entered into on or before such 18 date.

#### 19 SEC. 202. RANDOM AUDITS.

11

The Secretary of the Treasury may conduct random audits and investigations of any organization to ensure compliance with this Act and the amendments made by this Act.

### 1 SEC. 203. NONSEVERABILITY.

- 2 If any provision of or amendment made by this title,
- 3 or the application of any provision or amendment made
- 4 by this title to any person, is held to be invalid, all provi-
- 5 sions of and any amendments made by this title shall be
- 6 invalid.

### Calendar No. 606

106TH CONGRESS 2D SESSION

S. 2742

## A BILL

To amend the Internal Revenue Code of 1986 to increase disclosure for certain political organizations exempt from tax under section 527 and section 501(c), and for other purposes.

June 16, 2000

Read the second time and placed on the calendar